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Algeria, Morocco Soldiers Said to Battle in Sahara

Light Out the Kennel

ALGERIA, Jan. 27 (AP)—Algerian and Moroccan troops engaged in heavy fighting today in the first battle between the two nations since their dispute over control of the Spanish Sahara, officials on both sides said.

The official Algerian Press Service reported that Moroccan forces had been attacking Algerian soldiers transporting medical supplies and food to Saharan refugees in the Angaiter region between Mauritania and the Spanish Sahara. Moroccan sources said intense fighting was under way.

Official Moroccan sources confirmed the clash and said that, "apparently, there are many dead." The informants said the battle took place on Mauritanian territory, south of Bir Moghrein.

The fighting was a serious escalation in the confrontation of the two countries over the future of the Spanish Sahara, which Spain plans to turn over to Morocco and Mauritania on Feb. 28.

The area is rich in phosphates and Algeria's latest government is supporting a Saharan independence movement called Polisario against the Moroccan and Mauritania.

Before announcing the clash this morning, the Algerian news agency said the "troops of the Moroccan monarchy have launched a brutal offensive, backed up by enormous military means, against the liberated zone of Angaiter, controlled by the Polisario front."

Atrocities Charged

It said the Moroccan troops were committing "acts of unimaginable savagery against the Saharan population which sought refuge in the liberated zone. The Royal (Moroccan) Army, committing veritable genocide, is slaying and massacring summarily all the inhabitants of the zone, destroying their villages and leaving the territory covered in fire and blood."

The agency said, "The situation in the western Sahara today reached a degree of extreme gravity, unequalled since the Moroccan-Mauritanian invasion began."

On Sunday, Morocco said one of its Northrop F-5 jet fighters was downed last week by a SAM-6 missile while flying a support mission for Mauritanian troops in Mauritania.

The Moroccan asserted afterward that the missile could only have been fired by outsiders. Spanish news reports have said that Cuban and Vietnamese advisers are assisting the Polisario.

The Algerian agency reported today that the pilot of the aircraft, reported by the Moroccan to have been taken prisoner by the Polisario, identified him as Boukhar Ahmed, 30.

It said that 31 Mauritanian prisoners were being held by the Saharan guerrillas and that 78 Moroccan and 219 Mauritanians have been killed since fighting began last month.

Under the present laws, only 5 of the 56 Cortes deputies are elected by popular vote. The rest are appointed by the king. Candidates may campaign only on pre-registered platforms.

The government request to the king was passed on to the Council of the Realm, a conservative body of 17 men who act as advisers of the king.

It took the Council 11 hours of secret deliberation to decide on the request.

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HONORING THE COLORS—President Ford and Prime Minister Yitzhak Rabin of Israel pause during a rainy inspection of the color guard yesterday at the White House.

By Margin of 323 to 99

House Votes to Cut Off Angola Aid

WASHINGTON, Jan. 27 (AP)—Rejecting a last-minute plea from President Ford, the House of Representatives completed congressional action today to cut off U.S. aid to Western-backed factions in Angola.

The vote was 323 to 99 on the ban, an amendment to a \$90-billion defense appropriation bill. The Senate adopted the measure in a 54-to-22 vote on Dec. 19.

Expressing "grave concern" over the international consequences of the move, Mr. Ford had told the House in advance of the vote that without the aid, the U.S.-backed Angolan forces "will be destroyed by Soviet armaments and a Cuban expeditionary force."

But opponents, including House Speaker Carl Albert, said the President was making only a futile gesture in Angola.

"This is a typical Ford operation: Wave your hand, make a gesture and that's the end of it," Mr. Albert told reporters before the vote.

In addition to Mr. Ford's warning, Gen. George Brown, chairman of the Joint Chiefs of Staff, told the House Armed Services Committee that a victory for pro-Soviet forces in Angola would be a Russian "masterstroke."

It would give the Russians an additional base from which to threaten vital oil-lanes to the United States and Western Europe, Gen. Brown said. He noted that the Russians already have a base in Somalia and operate out of Conakry, Guinea.

He said the United States has nothing to match such bases. Mr. Ford declared the Angolan problem must be resolved by Angolans "and not through the

In Angola Fighting

UNITA Shifts Headquarters As Marxist Forces Advance

LUSAKA, Zambia, Jan. 27 (UPI)—Pro-Western nationalist forces in Angola, threatened by Marxist advances on their capital of Huambo, have moved their party headquarters about 100 miles to the east, nationalist sources said today.

The sources said the National Union for the Total Independence of Angola (UNITA) headquarters were being moved to a new base in the east.

UNITA sources said the army was making a stand north of Alto Hama, a road junction controlling access to Huambo, Leleko on the Atlantic coast and Silva Porto.

News reports from MPLA-controlled Luanda said the (Continued on Page 2, Col. 6)

200 former U.S. soldiers planning to go to Angola to fight the MPLA. Story P. 2.

UNITA's military headquarters, as a precautionary measure.

The Marxist Popular Movement for the Liberation of Angola (MPLA), spearheaded by Russian tanks with jet fighter air cover, has broken through the UNITA-held southern front at Ceta, about 350 miles south of Luanda, and is advancing along the paved road to Huambo, capital of the political coalition of UNITA and the National Front for the Liberation of Angola (FNLA), according to Western news reports from Luanda.

UNITA officials in Lusaka said no journalists would be allowed into southern Angola any longer and those still there were evacuated today.

The reporters, who arrived in the Zambian capital early today, said shooting broke out at the Huambo airport when their plane touched down but they managed to take off without apparent damage to the aircraft. UNITA officials said later the shooting was between their own troops and a splinter group of the FNLA.

Western diplomatic sources in

the Zambian capital said the allied army was slowing down the Marxist advance by shelling the tanked troops from the hillsides overlooking the Huambo road.

Last week the South African forces backing UNITA withdrew to the border with South-West Africa (Namibia) to defend the irrigation projects about 20 miles inside Angola.

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But Aid Cut Expected

Ford Welcomes Rabin, Reaffirms U.S. Support

WASHINGTON, Jan. 27 (UPI)—President Ford, reaffirming "America's commitment to Israel's survival," greeted Prime Minister Yitzhak Rabin at the White House today.

"Let us seize this historic opportunity to translate hope into reality," Mr. Ford said as he welcomed Mr. Rabin in the rain.

"According to Jewish tradition, rain means blessing," the Israeli leader told 3,000 persons standing under umbrellas at the arrival ceremony on the South Lawn. He promised that his nation "will do all that can be reasonably done" to achieve peace.

The President and Mr. Rabin moved into the White House and went directly into talks that U.S. officials said would center on Mr. Ford's determination to get Arab-Israeli peace negotiations going and on Israel's push for continued multibillion-dollar U.S. aid.

Mr. Rabin's 10-day visit will include an address to a joint session of Congress.

Mr. Ford and Mr. Rabin met for 90 minutes in the Oval Office, in a notice to the press later, the White House said. "The President and Prime Minister exchanged views on the Middle East situation, with a view to finding ways to continue the peace process. The President stressed the importance of these talks for developing ideas on how next to move as part of our overall consultations with the parties involved. He repeated his determination to avoid a hiatus in negotiations."

The President and Mr. Rabin also reviewed various aspects of U.S.-Israeli bilateral relations, including ongoing economic and military assistance programs for Israel. The President reaffirmed long-standing American support for the security of Israel.

Aid Cut Planned by U.S.

WASHINGTON, Jan. 27 (UPI)—The Ford administration has decided to submit to Congress a request for only \$1.8 billion in military and economic aid for Israel in the next fiscal year.

This would be nearly \$600 million less than Israel will probably receive from the United States in the fiscal year that ends June 30.

The reduction in the anticipated aid level from \$2.25 billion in fiscal 1976 to \$1.8 billion in fiscal 1977 came as something of a surprise to Israeli officials yesterday and led to expressions of concern on the eve of Mr. Rabin's visit to Washington.

The Israeli government was formally told of the administration's decision last week, State Department and Israeli sources said yesterday.

Arab territories occupied in the 1967 and 1973 wars.

U.S. Ambassador Daniel Moynihan defended the U.S. veto by saying the resolution would have altered the negotiating framework "in ways that would have been seriously harmful to the future of the peacekeeping process."

The resolution achieved only the minimum nine votes necessary for its adoption in the absence of a veto. Britain, Sweden and Italy abstained on the ground that its adoption would have altered the basis for Arab-Israeli peace talks established in Council resolutions passed in 1967 and 1973.

China and Libya did not participate in the vote because the resolution implied recognition of Israel's right to exist with secure borders.

The nine Council members voting for the resolution were the Soviet Union, France, Japan, Romania, Panama, Pakistan, Tanzania, Guyana and Benin (formerly Dahomey).

The abstention of Britain, Sweden and Italy blocked the Arab aim of isolating the United States from most of its Western supporters, who had endorsed the principle of Palestinian national rights. Arab delegates made no secret of their anger at the last-minute switch.

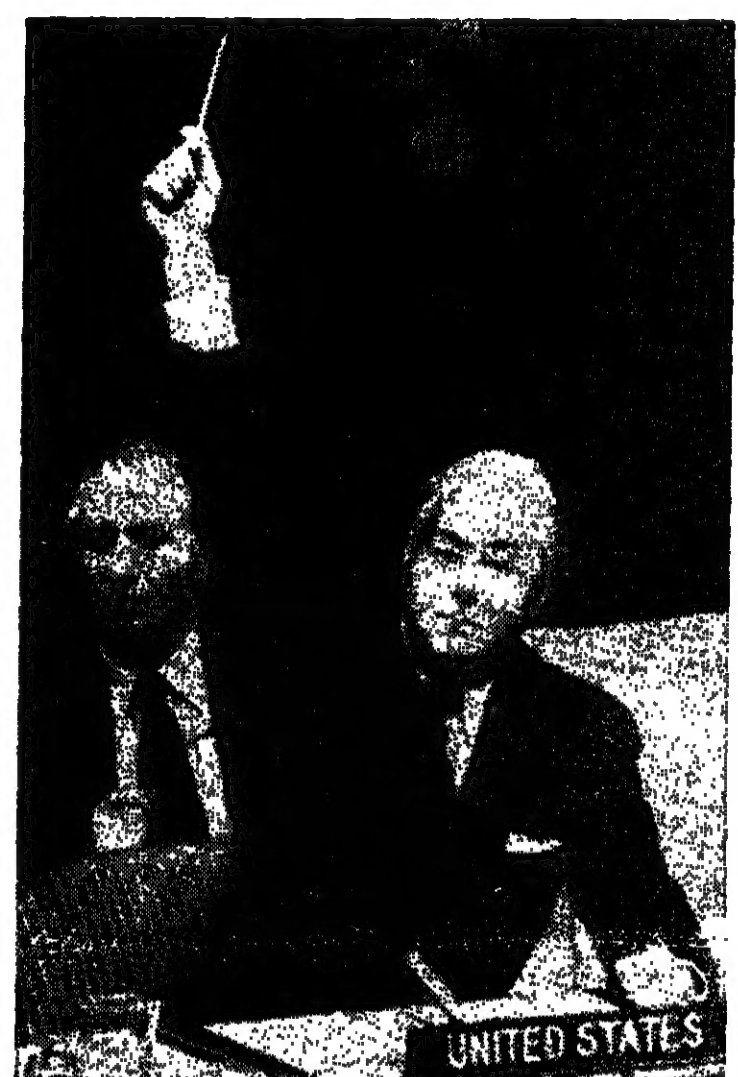
"The British are perfectionists at nasty jobs," said a Palestinian official. "It is their history."

A State Department statement released immediately after the vote said that any changes in the negotiating framework should emerge from negotiations "in the Geneva context." The statement called for the development of "a common understanding" on the future of the Palestinians, including "a reasonable and accepted definition of Palestinian interests."

Israel, which boycotted the debate, issued a statement after the vote calling the U.S. stand "an important contribution toward stability in the Middle East and the promotion of the process of negotiation."

UN Secretary-General Kurt Waldheim declared it is "absolutely vital" to continue negotiating efforts and said he will attempt to find ways to reactivate the negotiating process.

For the Palestine Liberation (Continued on Page 2, Col. 5)



Daniel Moynihan casts veto of the Mideast Resolution.

Britain, Sweden, Italy Abstain

U.S. Vetoes a UN Resolution On Mideast, Calls It 'Harmful'

UNITED NATIONS, N.Y., Jan. 27 (UPI)—The United States last night vetoed adoption of a Security Council resolution calling for the establishment of an independent Palestinian state and Israeli withdrawal from all the

Arab territories occupied in the 1967 and 1973 wars.

U.S. Ambassador Daniel Moynihan defended the U.S. veto by saying the resolution would have altered the negotiating framework "in ways that would have been seriously harmful to the future of the peacekeeping process."

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White House, CIA Accuse House Committee

By Nicholas M. Horrocks

WASHINGTON, Jan. 27 (UPI)—The White House and Central Intelligence Agency charged yesterday that leaks of a House committee report on intelligence activities violated an agreement between the committee and the executive branch.

President Ford's press secretary, Ron Nessen, told newsmen that the executive branch release of a preliminary draft of the committee report is in violation of the security agreement, which the White House understood it had with the committee. It raises serious questions about how classified material can be handled in a House committee when the national security is at stake.

In a news conference called before he retired as CIA director, William Colby said that, under the agreement by which his agency supplied information to the House Select Committee on Intelligence, Mr. Ford should have been consulted before any release of secret information and his decision would be final in the absence of further judicial determination.

The committee seems neither able to keep secrets nor its agreement, Mr. Colby said.

He was questioned extensively in New York Times accounts of the House report. The report has not been released by the committee.

"From the draft of the committee report, I have seen and the news stories about it, I believe it is totally biased and a disservice to the nation," he said.

"By selective use of the evidence provided by himself and suggestive language, the committee implies that intelligence has been deceptive, has no accountability and has not con-

valued could have been so extensive that the United States was pumping \$4 million in equipment into the African country, instead of the \$2 million reported to Congress in November.

The acting chairman of the House committee, Rep. Robert Giallardo, D-Calif., said the "leaks disturbed me and every member of the committee. I don't know where the leaks come from. They could have come from the staff or from the executive branch."

Sen. Phil Gramm, the staff director, said, "As far as I can see, it didn't come from the committee. There's literally dozens of copies [of the report] at the State Department, at the executive offices, the Pentagon. It is a very severe blow."

Mr. Rumsfeld said that the U.S. "ability to respond to less-than-full-scale attacks in a controlled and deliberate fashion would be severely curtailed" if Soviet missiles kept improving while the United States continued to rely on the present Minuteman force. "Strategic stability could be endangered," he said.

Options for President Ford and Congress include dropping plans to protect fixed targets such as Minuteman missiles and moving even more of the U.S. H-bomb arsenal out to sea in submarines, pouring more concrete protection on the Minuteman silos and putting larger missiles inside them, making the

next generation of land-based missiles mobile and harder to hit.

Mr. Rumsfeld today rejected the first option saying that if the Russians did not have Minuteman to worry about, they could concentrate on ways to knock out other U.S. nuclear forces—submarines and bombers.

Maximum Accuracy

Also, Mr. Rumsfeld said, an ICBM's deployment in a fixed position on the ground offers maximum accuracy and control of the missile. "In a world containing totalitarian and autogonistic powers, vulnerable allies and possible increases in nuclear proliferation," the secretary said, "the capability for controlled and deliberate responses is essential."

Some Air Force leaders favor the second option—reinforcing the Minuteman silos and putting

inside them a missile with three or four times the throw-weight of Minuteman and an H-bomb in its nose that could blow up Soviet ICBMs in their silos.

Opponents of the idea of deploying silo-busting ICBMs contend that this would make both the United States and Russia nervous about losing their missiles to the other in a surprise attack. Rather than risk such a loss, it is said, one side's leaders might decide to launch their ICBMs as soon as their radarscopes recorded—perhaps erroneously—what looked like a missile attack.

In rejecting this "launch on warning" strategy for missiles, Mr. Rumsfeld said: "It has been and continues to be the policy of this department to design strategic offensive systems in such a way that they can either ride out an attack before being launched (Continued on Page 2, Col. 5)

Services Committee that he would like to avoid building a whole new generation of and-based missiles to replace the Minuteman.

However, he said, "a continuation of current strategic programs—even within the constraint of SALT" (Strategic Arms Limitation Talks)—by the Soviet might give them the ability to knock out the highly accurate Minuteman force which the American President might want to use for surgical strikes before resorting to all-out war."

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In Recent Meetings

European Socialists Showing Loss of Sympathy for Israel

By Flora Lewis

Paris (NYT)—Meetings of European Socialist leaders, including a restricted session in Paris this past weekend, have disclosed a broad and growing loss of traditional sympathy for Israel that reaches almost open support for the Palestinians in some cases. Last week, in an evident effort to reverse the trend, former Israeli Foreign Minister Abba Eban invited all the leaders to a July meeting at Beit Berl, in Israel. It is not yet clear who will accept, but Socialist officials said the invitation would surely embarrass some European leaders. Zionist movements have belonged to the Socialist International, with warm endorsement, almost from its 19th-century beginnings. Mapai, the Israeli Labor party, was a member when the group was reconstituted after World War II, even before the establishment of Israel.

Party, Regime Views

While European governments, including those headed by Socialists, have minimized support for Israel on the ground that they must have good relations with the Arabs because of dependence on oil imports, Socialist parties take a longer-term, more emotional view of policy.

The trend is not altogether because of Middle East issues. West

European Socialists are in sharp disagreement over a number of questions involving attitudes toward Western Communist parties, defense of the West and closer political relations with Third World countries in general.

The Socialist leaders' differences could produce splits that might fragment the loose Socialist International organization. To forestall this, the International's secretary, Hans Janitschek of Austria, is preparing a proposal to establish a European regional group within the 37-member International and its 19 consultative or observer members. A regional group already exists in Asia, one is being formed in Latin America and one may be set up in Africa.

Analogy to Unesco

Since Israel would not be welcomed in the Asian and African groups, which have Arab and Moslem members, formation of an exclusively European group would leave it homeless in much the way that it has become homeless in the United Nations Educational, Scientific and Cultural Organization.

European Socialist officials have made no secret of their change of attitude. It is particularly true, they said, of Socialist youth movements. The Spanish Socialist party, for example, had to compromise in deciding its position on the Middle East between the frankly pro-Palestinian views of its youth organization and the friendlier attitudes to Israel of older executives.

"I can understand it, I was once head of the youth organization myself," said Manuel Garcha of the Spanish Socialist Workers party. "A generation ago, we were all passionately pro-Israel. They were the fighters struggling to establish themselves, create a home. The youth now sees the Palestinians as the ones taking exciting action."

But there has also been a change of heart among the older leaders. It surfaced abruptly shortly after the Middle East war of October, 1973.

Mrs. Meir's Consultation

Golda Meir, then the Israeli prime minister as well as head of the Labor party, asked for a conference of Socialist leaders in London "so we can hear the views of our friends." It was held in November, 1973, despite Prime Minister Menachem Begin's misgivings, and 7 or 8 Socialist premiers attended.

According to Mr. Janitschek, Mrs. Meir spoke for an hour. There was no applause when she finished. Mr. Wilson, in the chair, asked for other speakers and no one volunteered. After a break, Willy Brandt of West Germany took the floor to criticize Mrs. Meir for ignoring European warnings to negotiate with the Arabs and for straining European friendship for Israel.

There were many similar speeches. "Wilson was the only one who stood up for her. She was shattered," Mr. Janitschek said.

Moro May Form Minority Cabinet

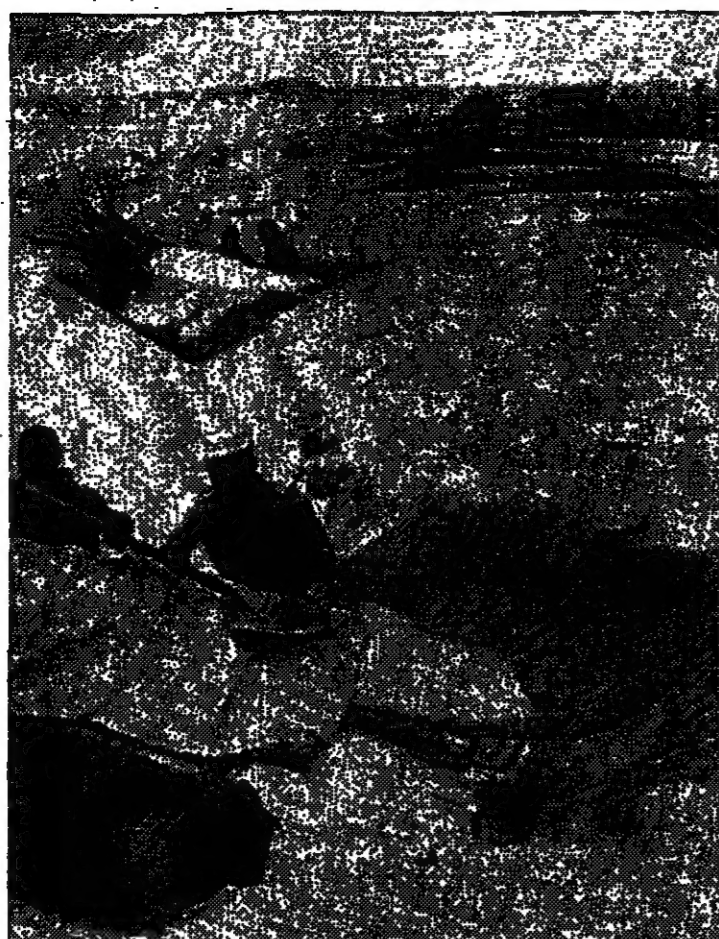
ROME, Jan. 27 (AP)—Italy's government crisis went into its 21st day today as Premier-Designate Aldo Moro tried to form a minority government to face increasing strikes.

Mr. Moro, a Christian Democrat, met with leaders of his own party in his efforts to forge an all-Christian Democratic government which could act as a stop-gap administration to lead to early parliamentary elections.

Meanwhile, about 15 million construction workers struck throughout Italy to press demands for a new work contract and government action to create jobs. Italy's unemployment is put at 7 per cent of its 20-million work force.

Soviet Maneuvers Begin

MOSCOW, Jan. 27 (UPI)—The Soviet Union has started full-scale army and air force maneuvers near the border with Turkey. Western observers will attend the maneuvers for the first time.



DIGGING IN—MPLA troops set up a makeshift camp on an unidentified beach along the Atlantic coast of Angola.

Israel Sees Syria as Moving To Eventually Annex Lebanon

By Terence Smith

JERUSALEM, Jan. 27 (NYT)—The cease-fire and political compromise reached last week in Lebanon represents, in the opinion of Israeli officials and analysts, a thinly camouflaged move by Syria to expand its influence over Lebanon.

The long-term Syrian goal, in the Israeli view, is the eventual annexation of Lebanon, which was considered part of greater Syria before World War I.

In the shorter run, however, the Israelis expect Damascus to continue to maneuver and exploit the communal differences in Lebanon in order to advance Syrian influence over events there. As a result, the expectation here is more fighting, once the Christian community has caught its breath and has begun to appreciate fully the consequences of the political changes proposed by the Syrian negotiators.

"The ingredients for more fighting are still there," a senior Israeli specialist in Arab affairs said yesterday. "When and whether it comes depends on what the Syrians do next."

Western diplomats here believe that Israeli intervention still remains a possibility, especially if a new round of fighting develops. The Israelis held back during the last round mainly because of U.S. warnings and a desire not to poison the atmosphere before the 11-day visit to the United States by Prime Minister Yitzhak Rabin, which began yesterday.

After that visit, however, and after Congress has acted on Israel's pending \$2.3-billion aid request, the government will have considerably more freedom of action on Lebanon. Nothing this yesterday, a senior military source stressed that Israel's basic warning remains unchanged: It will not permit overt and direct Syrian intervention in the internal affairs of Lebanon.

Somewhat grudgingly, Israeli officials concede that Syria has skillfully maneuvered around the conditions of that warning by intervening indirectly through the Palestinian forces sent into Lebanon.

Military Balance
About 3,000 men, four to five battalions of the Syrian-based Palestine Liberation Army, are estimated to have moved across the frontier from Syria during the week before the cease-fire. As the only mobile, properly equipped force in the country not tied down with regional defense duties, the Palestinian army units appear to have tipped the military balance in favor of the Moslem leftist side.

"The Syrians have won this round," an Israeli official said yesterday. "They made the most of the situation and have greatly increased their influence in Lebanon and their standing in the Arab world."

The major unanswered question now, from the Israeli point of view, is what role the Palestine Liberation Army units and the Palestinian guerrilla organizations will play in Lebanon. Again, in the opinion of the analysts, this depends largely on the Syrians and the amount of freedom they intend to grant the Palestinians.

Turkish Unit Kills 3 in Gunfight

ANKARA, Jan. 27 (Reuters)—Security forces killed three suspected leftist guerrillas in eastern Turkey yesterday during a three-hour gun battle, the bloodiest incident in three months of political violence that has claimed 25 lives.

Local officials near the town of Malatya said that the three men, believed to be Palestinian-trained members of the self-styled Turkish People's Liberation Army-C, were surrounded in a river bed but refused to surrender.

The guerrillas, alleged to have murdered two policemen in Malatya five days ago, opened fire on security forces and were subdued by about 500 police, commando and gendarme troops, the officials added.

Wrong Man

PARIS, Jan. 27 (UPI)—In the issue of Jan. 22, this newspaper published a UPI photograph whose caption wrongly identified a portrait on a poster as that of Lebanese President Suleiman Frangieh. It was a portrait of Pierre Gemayel, leader of the Phalangist party.

Offsetting Dependence on Russia

MPLA Seems Set to Renew U.S. Technological Relations

By Caryle Murphy

LUANDA, Angola, Jan. 27 (UPI)—The near-triumphant Soviet-backed Popular Movement for the Liberation of Angola (MPLA) seems to be reopening the door to U.S. technology in an apparent effort to avoid exclusive dependence on the Soviet Union.

MPLA spokesmen have always insisted that it is a mistake to assume that the movement is firmly in the Soviet camp. Some of them have pleaded against U.S. actions that would force them into that position.

Sources in the MPLA government here say talks recently took place, possibly in Nigeria, between an MPLA official and representatives of the Cabinda Gulf Oil Co., which the U.S. State Department forced to stop operations in Angola last year.

However, a spokesman for Gulf in Washington said, "We have not held any talks" with the MPLA since Gulf closed its Cabinda operation in November.

Permits Sought
The sources said Boeing, which withdrew its technicians from Angola last year partly because of State Department pressure, has called the MPLA for instructions on obtaining permits for re-entry.

There are no firm indications so far of any change in official U.S. policy toward the Marxist MPLA government, which is fighting two U.S.-backed nationalist factions in the civil war. But the discussions with U.S. firms would suggest some possibility of a change, particularly in the light of a December memorandum revealed by sources here, which said that U.S. companies could not renew technical assistance without U.S. government approval.

In Washington, State Department sources said they had no immediate information on a change in MPLA policy toward Washington, "but quite possibly they were never entirely closed to us." As for the U.S. attitude, "We have never been out of the Popular Movement," a source

said. "What we opposed was the Soviet intervention."

An MPLA source has disclosed here that in Washington on Dec. 11 he was read a five-point memo by a Boeing official and was told it "represented the feelings not only of the State Department but also of the Ford administration."

The memo said, in part: "The MPLA would do well to heed advice that no government can plan reconstruction in postwar Angola without American and Western help."

"No government can obtain the technological and financial resources to stimulate economic development without official American consent."

"As anyone should be aware, access to sophisticated technology is a privilege. The case of Boeing is just one, but a good example of the advantages of having access to American technology."

The MPLA official said he considered the memo arrogant, but its contents apparently have not discouraged some Popular Movement leaders. Observers here agree that there are differences of opinion within the MPLA on relations with the United States. But it appears that those favoring opening lines of communication have the upper hand.

Ties Discussed
A visit here by an aide to Sen. John Tunney, D-Calif., has been used by the MPLA to convey its desire to reopen relations with Washington. Sen. Tunney's aide, Mark Moran, met with several top MPLA government officials. He indicated the officials favored a renewal of relations with the United States.

The MPLA minister of economic planning, Carlos Rocha, said in an interview, "It appears that the attitude of the American Congress is not that hostile to our republic. Now this is very important." Mr. Rocha said: "We think that [in 1978] we will be signing some agreements for companies to open in our republic."

Government officials say the MPLA plans to invite several U.S. senators to Angola in the near future.

Members of an MPLA delegation that visited New York in October said they made it clear to U.S. government officials and U.S. banks that they want continued Western and U.S. economic relations.

MPLA officials said telephone conversations with Boeing officials gave them hope that the U.S. government may soon lift export restrictions on two 737 jets ordered last year.

Some of them fought in Vietnam in specially trained infantry units and have had some difficulty adjusting to civilian life.

Larry Mitchell, a hospital operating room technician who is recruiting the veterans, said they will be organized and ready to leave for Angola by Feb. 15.

"Ready to Go"
"The recruitment drive is speeding up and my phone is jumping off the hook," said Mr. Mitchell, who reached many of his prospects through classified advertisements that ran in local newspapers last weekend. "We'll be ready to go."

Mr. Mitchell said his recruiting began in early November and was accelerated after he received a commitment last week from the Congress of Racial Equality (CORE) to provide transportation to Angola.

"I thought I'd never want to go to war again," said Mr. Mitchell, 35, who served two tours of duty in Vietnam. "But it's easy to stand on a soap and scream and yell about your brothers in Africa. I feel, if I can speak out about something, then you can fight for yourself."

"I feel closer to this situation than I did in Vietnam," he said. "One of Mr. Mitchell's recent contacts, a Washington policeman and several unemployed men who are bitter about their failure to find work here."

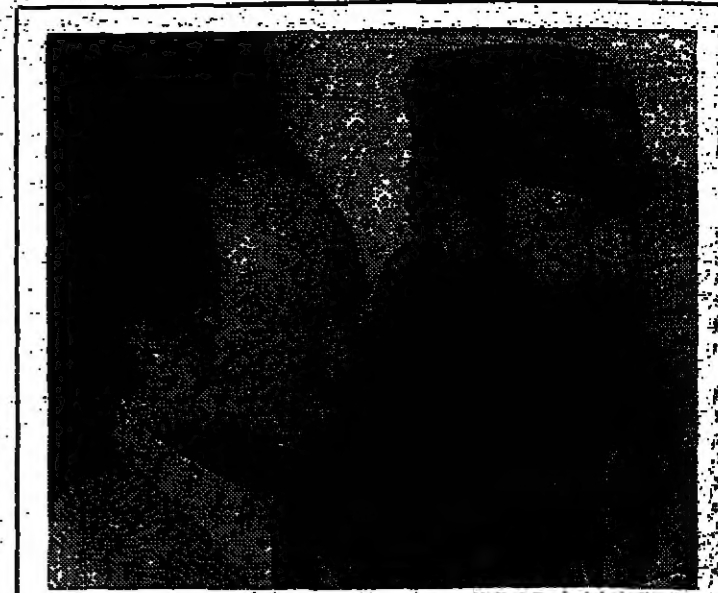
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Mr. Trudeau and Mr. Castro at the airport.

Havana Welcomes Trudeau

HAVANA, Jan. 27 (AP)—Canadian Prime Minister Pierre Trudeau had a first round of talks with Premier Fidel Castro today during a visit that began with a warm airport greeting by crowds of Cubans last night.

In a brief meeting with reporters after his arrival, Mr. Trudeau scoffed at critics in Canada who charged that his three-day visit at this time implies approval of Cuba's sending troops to Angola.

Mr. Trudeau said his visits to other countries, including the Soviet Union and China, never implied approval of everything those governments did.

He said, "We do not think intervention by outside countries is a good thing," but told reporters he did not expect the Angolan situation to be a major topic in his talks with Mr. Castro.

Mr. Trudeau was greeted at the airport by Mr. Castro and an estimated 150,000 cheering spectators lined the motorcade route into town. Interspersed among billboards carrying revolutionary slogans were signs in Spanish, English and French welcoming Mr. Trudeau.

A portrait of Mr. Trudeau covered three stories of a terminal building at the airport.

Mr. Trudeau came to Cuba following an official visit to Mexico. He is scheduled to travel later in the week to Venezuela.

200 Black Ex-GIs Planning To Go to Angola, Fight MPLA

By Leon Dash

WASHINGTON, Jan. 27 (UPI)—About 200 black Vietnam war combat veterans in the Washington area are organizing to go to Angola and fight on the side of the U.S.-backed forces battling the Popular Movement for the Liberation of Angola (MPLA) in the civil war there.

The black Army, Navy and Marine Corps veterans, most of whom are in their early 30s, include messengers, hospital technicians, a Washington policeman and several unemployed men who are bitter about their failure to find work here.

Some of them fought in Vietnam in specially trained infantry units and have had some difficulty adjusting to civilian life.

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Ford, Rabin Start Talks

(Continued from Page 1)

sign a new Sinai agreement with Egypt last summer.

Some Israeli officials have said that they assumed that the administration would submit similar large requests in coming years, but administration officials denied yesterday that any specific totals were promised.

Fiscal-Year Change

For the next fiscal year, which for the first time will run from Oct. 1 to Sept. 30, the administration has decided to ask for \$1 billion in military credits and \$819 million in economic aid, of which \$9 million is for food imports and \$23 million for housing loan guarantees, officials said.

(The \$7 billion in military credits was reported with Mr. Ford's budget message (NYT, Jan. 22).)

The 33-per-cent cut from \$1.5 billion to \$1 billion in military aid was of particular concern to the Israelis. Ambassador Simcha Dinitz reportedly raised the issue with Secretary of State Henry Kissinger at breakfast yesterday.

The Israelis have maintained that the military balance in the Middle East is precarious, because of the Arab states, because of large oil revenues, are able to buy increasingly sophisticated military hardware from both the Soviet Union and the West.

Mr. Rabin undoubtedly will urge Mr. Ford during their talks to submit a larger request, one Israeli said.

Administration officials said that the decision to ask for \$1 billion in military aid was based on careful analysis of Israel's military needs and U.S. fiscal ability to help. Of the military credits given Israel, half are customarily forgiven—that is, not required to be repaid.

Some of Israel's supporters on Capitol Hill were not as alarmed as Israeli government officials. "I don't think Congress would support aid for Israel over \$2 billion two years in a row unless there was a sudden emergency," one Senate aide said.

Israeli Units in Sinai Make New Withdrawal

CAIRO, Jan. 27 (Reuters)—Israeli forces have made another withdrawal from the Sinai under last year's Egyptian-Israeli interim truce agreement.

An Egyptian military spokesman said that the Israelis withdrew yesterday from an area extending east of Port Fuad to Kantara and Egyptian forces hoisted their flag there.

Soviet Maneuvers Begin

MOSCOW, Jan. 27 (UPI)—The Soviet Union has started full-scale army and air force maneuvers near the border with Turkey. Western observers will attend the maneuvers for the first time.

Wrong Man

PARIS, Jan. 27 (UPI)—In the issue of Jan. 22, this newspaper published a UPI photograph whose caption wrongly identified a portrait on a poster as that of Lebanese President Suleiman Frangieh. It was a portrait of Pierre Gemayel, leader of the Phalangist party.

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House Panel Report Shows Most CIA Contracts Awarded Without Competitive Bidding

By John M. Crewdson

WASHINGTON, Jan. 27 (UPI)—More than eight of every 10 contracts awarded to private industry by the CIA are let without competitive bidding, the House Select Committee on Intelligence found.

The House panel, which over the last year has undertaken a broad inquiry into how the CIA spends its share of the \$1.1 billion federal intelligence budget, said in its still-unreleased report that the agency's "hundreds of millions" of dollars worth of such agreements each year.

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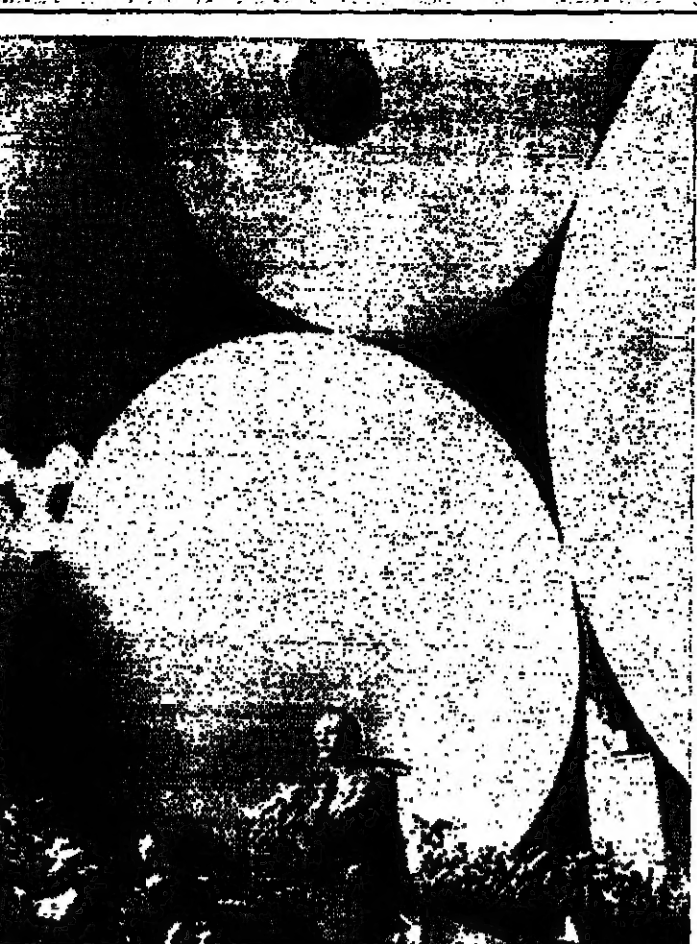
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NEWS CONFERENCE—Dwarfed by the modern decor of an auditorium at CIA headquarters in Langley, Va., William Colby answers questions at his news conference.

Jackson's Aid to CIA Cited In Report by House Probers

By Nicholas M. Horrock

WASHINGTON, Jan. 27 (UPI)—Sen. Henry Jackson secretly advised the Central Intelligence Agency in 1975 on how to protect itself against an investigation by Sen. Frank Church, into the agency's relations with the International Telephone and Telegraph Corp. in Chile, according to the final report of a House committee.

The report, by the House Select Committee on Intelligence, quotes a CIA memorandum of Feb. 28, 1975, that said Jackson "repeatedly made the comment that in his view the CIA oversight committee [of which he was then a member] had the responsibility of protecting the agency in the type of situation that was inherent in the Church subcommittee."

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Patricia Hearst Trial Opens; Selection of Jury Is Started

SAN FRANCISCO, Jan. 27 (AP)—Patricia Hearst, kidnap victim and heiress to a publishing fortune, went on trial today for bank robbery.

The proceeding opened with jury selection in a courtroom packed with 250 prospective jurors.

The jury will be asked to decide whether Miss Hearst was a willing participant in an April 15, 1974, holdup of a San Francisco bank. If convicted of the federal armed bank robbery and weapons charges, she faces a maximum sentence of 35 years in jail.

Jury selection is expected to focus on attitudes toward kidnap victims, radicals and the wealthy.

Defense attorney Albert Johnstone described Miss Hearst as "apprehensive as anyone in her position would be."

Randolph Hearst, publisher of the San Francisco Examiner, today blamed his daughter's abductors for her plight. He said she had been kidnapped, Mr. Hearst said on his way to the federal building, "the only reason she would be in a courtroom would be to get a marriage license and [pay] a parking ticket."

Miss Hearst, pale and solemn, walked quickly into the courtroom and took her seat. She smiled wanly at her parents and sisters Ann and Vicki who sat in the front row of spectators.

Moments later, U.S. District Judge Oliver Carter opened the proceedings. Fifty potential jurors were then seated in the courtroom and took an oath to answer all questions truthfully.

The judge asked a number of general questions of all the prospective jurors and planned to make individual queries later.

Authorities required all spectators to pass through a metal detector similar to those used at airports. As at the pretrial hearings, federal marshals were stationed at all entrances to the 19th-floor courtroom and patrolled the aisles inside.

Yesterday opposing attorneys would have gone to Sen. John Stennis, D-Miss., who is chairman of the CIA oversight panel, but Sen. Stennis was hospitalized.

So the agency went to Sen. Jackson, he said, and Sen. Jackson advised that it request the CIA testimony on operations in Chile be given to another Senate oversight subcommittee, one chaired by Sen. John McClellan, D-Ark.

"And that was all there was to it," Mr. Colby said.

From the beginning of sweeping investigations of the intelligence community last year, one paramount criticism has been that congressional oversight committees were protective of the CIA and did not attempt to truly control the agency's functions.

The House report has not been made public, but this and other portions were made available to The New York Times Sunday.

Reached by telephone, Sen. Jackson said the author of the CIA memorandum had taken "liberty" in describing his position. He said, however, that he did recall advising CIA officials on "procedural matters" in responding to Sen. Church's investigation.

"This was no cover-up," he said, "nothing like that."

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Izvestia Rejects European Role For West Berlin

MOSCOW, Jan. 27 (UPI)—The government newspaper Izvestia, yesterday rejected a proposal by British Foreign Secretary James Callaghan that the population of West Berlin should take part in elections to the European Parliament in 1978.

It said that West Berlin participation in the "so-called" Parliament was ruled out by the four-power agreement on the city.

"West Berlin does not belong to the Federal Republic [of Germany] and cannot be ruled by it in future. Nor does it belong to the European Economic Community," Izvestia said.

The British minister is well aware that he is skating on thin ice by bringing up the question.

Mr. Callaghan made the proposal during a speech in West Berlin at which he suggested that negotiations should take place to discuss West Berlin's possible participation in the elections.

India Marks Anniversary

NEW DELHI, Jan. 27 (UPI)—India celebrated its 26th Republic Day anniversary yesterday with military parades, festivities and public rallies.

Iranian Police Slay 6

TEHRAN, Jan. 27 (UPI)—Five men and a woman wanted for the terrorist slaying of a university guard last year were slain today in a shootout with security forces in the northwest Iranian city of Tabriz, the government news agency Pars said.

Official Confirms Kissinger Got Rug

WASHINGTON, Jan. 27 (AP)—The State Department confirmed yesterday that Secretary of State Henry Kissinger once received a rug from the leader of a Kurdish rebel movement in Iraq which had been supported by covert CIA arms shipments.

But department spokesman Robert Fumest said that Mr. Kissinger turned the rug over to White House authorities in compliance with a law prohibiting government officials from keeping gifts sent to them by foreign officials.

The final report of the House Select Committee on Intelligence, according to news accounts, said that Mr. Kissinger received three valuable Oriental rugs from Kurdish leader Mulla Mustafa Barzani, but Mr. Fumest made reference to only one rug.

House Republicans offered in vain an 11th-hour compromise that would have set the funding at a level \$24 million below that specified in the measure—but still \$491 million above Mr. Ford's budget recommendation.

The measure would provide funds for numerous social programs, including the remnants of President Lyndon B. Johnson's war-on-poverty program.

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Où va l'économie française en 1976?

La production industrielle a baissé de 9%.

Les salaires ont augmenté de 12,8% et les charges sociales de 21,6%.

Le chômage a progressé de 71%.

Le gouvernement a fait payer aux entreprises françaises une politique sociale mal adaptée. Aujourd'hui les patrons désabusés ne veulent plus payer, les syndicats déterminés n'abandonneront rien des avantages obtenus.

1976 se présente mal. L'économie française est malade. Dix huit mois de crise mondiale ont remis en question les acquis des quinze dernières années. Pourtant cette croissance forte, cette réussite industrielle indéniable, la France les avait payées cher en sacrifices sociaux et collectifs. Le retard que nous sommes en train de prendre va nous faire dépendre beaucoup plus qu'avant de la conjoncture internationale, et nous faire perdre aussi, et pour longtemps, toute chance d'évolution.

OU ALLONS-NOUS EN 1976. POUR LE COMPRENDRE LISEZ AUJOURD'HUI LE NUMERO SPECIAL DU NOUVEL OBSERVATEUR EN VENTE 10 F CHEZ TOUS LES MARCHANDS DE JOURNAUX.

"FRANÇAIS, FAITES VOS COMPTES POUR 1976" UN SUPPLEMENT DU NOUVEL observateur UNE ETUDE POUR 1976.

Colby Says CIA Will Still Use News Stringers

WASHINGTON, Jan. 27 (UPI)—William Colby, director of the CIA, said today that the agency would continue to use part-time reporters in its foreign intelligence operations.

Mr. Colby was asked in a news conference whether the CIA was still using part-time reporters or "stringers" as agents overseas.

"We do not use any full-time employees of any of our major news organizations," he said. "We use only those who are not full-time employees of any news organization."

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"We do not use any full-time employees of any of our major news organizations," he said. "We use only those who are not full-time employees of any news organization."

Recent CIA Aid to Italy Denied by U.S. Embassy

ROME, Jan. 27 (UPI)—The U.S. Embassy in Rome today denied reports that the CIA had sent \$5 million in aid to Italy since last month was ended.

In the light of recent press reports alleging that the CIA had sent \$5 million in aid to Italy since last month was ended.

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Pittsburgh Schools Open

PITTSBURGH, Jan. 27 (AP)—The city's 62,000 public school pupils attended classes today for the first time in eight weeks after ratification by teachers of a new contract to end their strike.

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Rich, Poor Nations Set Feb. 11 For World Economic Session

The Candidates: Ronald Reagan Challenges the Centralization of Government

By Lou Cannon



Ronald Reagan

warning of what could happen. I was amazed at how accurate I was."

One of Mr. Reagan's proposals in this year's campaign is to transfer some federal programs to state and local governments.

Mr. Reagan sees himself as a person who can save the republic by balancing the budget and by turning the government from its obsessive centralization in Washington.

High Rating

Even before the present fiscal conservatism came into vogue,

U.S. Population Shift May Aid Political Power of South, West

By Robert Reinhold

WASHINGTON, Jan. 21 (NYT). For the first time in U.S. history, the Southern and Western states will hold a majority of seats in the House after the next census if—as seems likely—the population continues to shift in its current pattern and

According to population projections and computer calculations by The New York Times, the industrialized Northeast and North Central states, with their sprawling urban centers, will lose agencies of their 225 seats to the "sun belt" states of the South and West when Congress reapportions after the 1980 census.

The biggest loser would be New York State. Its congressional delegation, diminished by 10 seats in 1970, would lose six more, dropping to 25. It seems likely that most of the 65 seats would be squeezed out of the New York City area, where population has been declining steadily for many years. New Jersey would drop by one, to 11, but Connecticut would hold 10.

Nigerian Union Urges Annexing Neighbor State

LAGOS, Jan. 21 (Reuters).—Nigeria's central labor organization has urged the government to annex Equatorial Guinea.

The demand was made by the newly formed Nigerian Labor Congress after an emergency meeting yesterday called to discuss the arrival of several thousand Nigerian laborers from Equatorial Guinea.

"Having regard to the fact that Nigerian labor built up the economy of the island without any compensation and in view of that island's hostility to Nigeria, the ILO calls on the federal government to consider, as a matter of urgency, the imperative necessity to annex that island," the communiqué said.

Nigerian laborers have worked on plantations on the island of Fernando Po, which forms part of Equatorial Guinea. The island is often used here as a term for the whole country.

Nigeria recently ordered the repatriation of the citizens from the former Spanish colony following the death of 11 laborers in that country.

Mr. Reagan demonstrated in a state with a 3-to-2 Democratic party registration margin that he had reached far beyond his own ideological camp. He left office after eight years as governor of California with a higher popularity rating, as measured by Mervyn Field's California poll, than any of his predecessors.

Nevertheless, doubts persist that Mr. Reagan is of presidential quality.

Various Republicans, encouraged by Ford campaign strategists, still believe that a Barry Goldwater of 1964 lurks behind the Reagan smile. Former Kentucky Republican chairman Charles Coy finds Mr. Reagan "as thin as spit on a sissy rock."

What Mr. Reagan says and what he does frequently are contradictory.

Tax Increase

Elected in 1966 on a platform of curbing government growth, Mr. Reagan sponsored the largest tax increase in California history, partly because of a deficit he inherited. However, he succeeded in keeping the state work force at a stable level of 103,000 employees and he left a hefty surplus in the Treasury.

Mr. Reagan based much of his original campaign on "cleaning up the mess at Berkeley," a reference to the student disorder at

the University of California. Yet, Mr. Reagan as governor increased funding for the university and the state colleges by 100 per cent while spending for general state operations increased by 50 per cent.

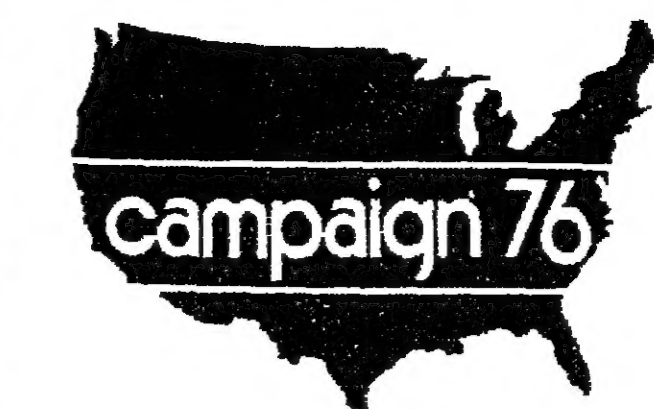
Campaigning continually on the welfare issue, Mr. Reagan finally pushed through the legislature a "welfare reform" measure that significantly reduced the state's case load. But this legislation also raised grants to the poorest recipients to one of the highest levels in the nation.

Mr. Reagan appointed more blacks and Mexican-Americans to

This is one in a series of profiles of the U.S. presidential aspirants.

High Quality

However, friends and foes of Mr. Reagan alike agree that his



administration was unmarred by serious scandal and that his judicial appointments were of high quality.

There is agreement, too, that Mr. Reagan was a pro-business governor, as reflected by his regulatory agency appointments, even though he now includes "big business" in his campaign library of the forces that have brought about government centralization.

Quiet Child

Finally, there is agreement that Mr. Reagan the governor proved to be far more pragmatic than Mr. Reagan the campaigner. Once acquainted with the legislative realities, Mr. Reagan proved adept at modifying his goals without changing his rhetoric. Typically, he would accept a

heavily diluted compromise and represent it as a total victory.

Mr. Reagan came late in life to any serious political philosophy. Born on Feb. 6, 1911, in Tampico, Ill., he was a quiet, somewhat introspective child.

The inclination to perform flowered at tiny Eureka College, near Peoria, Ill., where Mr. Reagan played football and participated in dramatics. He received an acting award for his role in the anti-war play "Aria da Campo," which Mr. Reagan remembers as a sign that "I liked showing off."

It also was at Eureka that Mr. Reagan first displayed his talent for political oratory. He was a leader, as a first-year student, in a student strike directed against academic cutbacks and a ban on dancing, and he gave a speech

that was wildly applauded. In his autobiography, "Where's the Rest of Me," Mr. Reagan said the applause was "heady wine."

It is the performer's ability to relate to his audiences that is the common thread in Mr. Reagan's progression from radio sportscaster to movie actor to GE salesman to politician.

52 Films

Mr. Reagan appeared in 52 movies, many of them of the quickly produced, low-budget variety. He never made it to the top, but he drew approving critical notices for his performances in such films as "King's Row," "Dark Victory" and "Brother Rat." He met actress Jane Wyman while working in "Brother Rat" and later married her. She divorced him in 1948 and Mr. Reagan married his second and present wife, Nancy, four years later.

The qualities that are seen in Mr. Reagan by those who have worked for or against him at close quarters are toughness, honesty, and friendliness, combined with reserve.

His success in California was based on his charm, integrity in office and an ability to arouse the emotions of middle-class Americans of both parties against a system that no longer seemed able to maintain control or to deliver on its promises. Judging by what other gover-

nors are saying now, Mr. Reagan's themes anticipated the future. Now that the nation's drift seems to be as "anti-political" as the trend was in California a decade ago, Mr. Reagan is using his old themes as a presidential platform. Basically, he is running against Washington and the grievances against the government that built up over the Vietnam war, Watergate and inflationary recessions.

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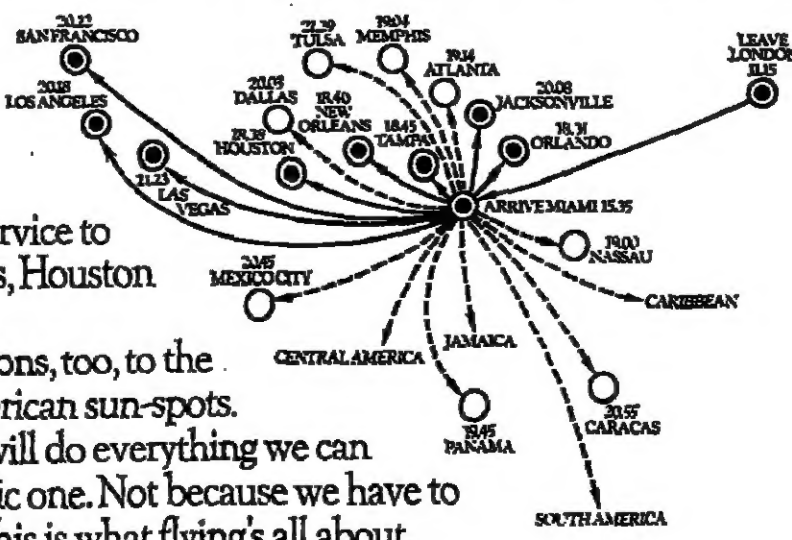
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Good Tactics, Poor Strategy

The U.S. veto of the Security Council resolution on the Middle East was tactically sound. The resolution did introduce a new element into the negotiations that have been under way since the end of the 1973 war—the right of the Palestinians to have their own state, or to return or be compensated for lands now in Israeli hands. Certainly, in light of the complexity of the Palestinian exile situation, the latter is something that should be negotiated, not dictated. The former creates, as a matter of dogma, something that did not exist, except as a Palestinian hope when the negotiations began. The whole Security Council debate, in fact, pre-empted areas that might better have been left to a conference of the parties directly interested.

Nevertheless, there is good reason to question the long-term wisdom of the veto. While the Arabs were not able to form a full European front against the United States and Israel (nor even a solid Arab alignment, Libya refused to participate) the vote did stand at 9 to 1 in favor. The U.S. vote was a solitary one, which is hardly promising for Israel in the months ahead.

Moreover, it can be argued that the Security Council does have the right, legally and morally, to endorse such general principles of a solution as a Palestinian state—after all, it did create one at the same time that it set up Israel. And the resolution did acknowledge, by fairly clear implication, the

right of Israel to exist as a state with secure boundaries.

In other words, it would have been possible to negotiate the details of a settlement which would have given both the Palestinians and the Israelis reasonable rights within the framework of the resolution. And, despite the veto, the resolution and its reception internationally will haunt any further bargaining on the issues. For the existence of some kind of Arab Palestine has been accepted by virtually all the nations—including, it is fair to assume, the United States.

Who is to speak for the Palestinians is another matter. The Palestine Liberation Organization apparently was willing to accept the terms of the resolution; if it reverts to its old notion of a single Palestinian state, including Israel, it will probably get little support even among the Arabs, except from the bitter-enders like Libya. But the lack of Security Council definition of a two-state solution leaves all of this in the air. And the PLO remains the only voice that even pretends to speak for the Palestinians themselves.

The United States is, as the State Department asserted after the veto, "firmly and irrevocably committed to progress in the negotiation of a settlement." But it remains to be seen whether the veto will not have created obstacles as great as those charged against the resolution, obstacles which Israel and the United States will have to face in increasing isolation.

Return to Washington

When the Prime Minister of Israel arrived in Washington Tuesday, he found the mood and preoccupations of the U.S. government somewhat different from those which he encountered as Israel's ambassador in the heady days after the six-day war of 1967.

If there is no loss of underlying sympathy and support for Israel's security and well-being, there is a clear eagerness to move the parties of the Middle East conflict out of diplomatic standstill and into a negotiating process which may reduce the danger of this country—and the world—being drawn into war. Painful compromises cannot be postponed much longer, both by Israel and by the Arab forces arrayed on Israel's frontiers—including the Palestine Liberation Organization.

Rabin reportedly is prepared to accept an early convening of the Geneva Peace Conference a welcome change from his government's earlier resistance to that forum. The problem is that in recent months leaders of the Arab world, backed by the Soviet Union, have upped the ante on that conference; they are insisting that the PLO attend as a full-fledged and independent participant from the very start.

For the United States, let alone Israel, to succumb to such a demand would mark a major concession without the slightest corresponding concession from the PLO or the Arab backers. Certainly the arguments made at the UN Security Council by PLO representatives, invited there over U.S. objections, reveal disappointingly little flexibility on their side.

U.S. Banking Secrecy

How much should the public know about the condition and management of banks? That question has been sharply raised by reports that many banks including 12 of the 50 largest bank holding companies in the United States, were put on a confidential "problem" list by the Federal Reserve Board a year ago and by the more recent disclosure that the Federal Deposit Insurance Corp. has 350 state and national banks on its own "problem" list.

Some bankers, as well as some banking regulators, contend that disclosure of reports on specific banks could inflict heavy damage on the U.S. banking system, presumably because disclosure of adverse information might cause banks to fail by undermining public confidence in them. It seems to us, on the contrary, more likely that timely disclosure of such information as the relations of questionable loans to capital could serve to prevent "problem" banks from becoming yet bigger problems.

Back in the Great Depression, when the securities laws were written to protect investors in corporate stock against inadequate or misleading information banks were exempted from the Securities and Exchange Commission's registration and reporting requirements on the ground that public knowledge about the banks' condition might cause panicky runs.

But since the development of bank holding companies in the past decade, those

The PLO cannot be accepted as a serious negotiating partner while that organization continues to deny any legitimate standing to Israel, one of the necessary parties to the negotiation. Even Syria, the current best mentor of the PLO, has entered into official and reciprocal agreements with Israel and accepted UN resolutions which acknowledge the sovereignty and territorial integrity of all states in the area, including Israel.

Yet the principle of Palestinian participation in peace talks is sound—indeed, necessary, if anything like security and stability is to be achieved for all the peoples of the Middle East. One way out of the impasse might be for the invitations to a conference in Geneva, or some more informal setting, to be couched in terms that imply each participant's recognition of all the others as legitimate parties to a negotiation. The PLO would then be free to accept the diplomatic ground rules—or reject them.

If Prime Minister Rabin and the Ford administration could reach agreement on such an approach, the Israeli leader's Washington visit would mark a step forward. The United States has shown its fidelity to the diplomatic commitments which Secretary of State Kissinger made to Israel at the time of last December's Sinai accord, as witness the firm U.S. position in the current Security Council debate. Now it is for the Israeli government to confirm its determination to enter upon meaningful negotiations for a broad settlement among all the Middle East combatants.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

January 23, 1901.

MILAN—Giuseppe Verdi is dead. As soon as the news of the great composer's death became known a squadron of the fire brigade, in full uniform, went to pay him military honors. This morning the sculptor Scodò took a cast of the face. Official visits began in the morning. His niece received a telegram from Victor Emmanuel II. Telegrams are arriving from all parts of Italy and the world. In Milan all theaters are closed and will not reopen till after the funeral. He was 88 years of age.

Fifty Years Ago

January 23, 1926.

WASHINGTON—Col. William Mitchell, who was suspended from the Army during a period of five years following a court-martial for insubordination growing out of his criticism of the conduct of the Air Service, announced today that he will resign his commission in order to carry on his campaign for an independent air force as a private citizen. He feels he will be in a better position to continue his fight to strengthen the national defenses, particularly in the air, which is his prime concern.

The Changing Image of Europe's Communists

By James Goldsborough

PARIS.—Judging from the attention they are getting these days, one suspects that the Communists of Western Europe are up to something. In France, Italy and Spain they are trying to sound more democratic than the democrats, and the debate is under way over how much they have "changed."

The whole business has profoundly divided Europe's Socialists and Social Democrats, who do not quite know what to make of the Communists anymore. These disputes within the Socialist family serve better than anything else to show that the Communists are doing something. The question is what.

As Spain's Communist party leader Santiago Carrillo has said, there really is no way you can lump the Communists all together anymore. No matter how much one may mistrust them, one's suspicions would need to be blinding to believe that there is much in common between the way Carrillo and a Portuguese Communist like Alvaro Cunhal view things, or even between Italy's Enrico Berlinguer and France's Georges Marchais.

Many Varieties

Communists appear in as many varieties as the Socialists, and who would claim that West Germany's Helmut Schmidt and France's François Mitterrand have much in common?

Still, there is something the Western Communists have in common, and it is what is new. Strange as it may seem, they all are after power at the same time, and it hasn't always been that way in the past.

In France, as recently as a year ago the Communists appeared to be doing everything possible to stay out of power, to destroy the unity of the left built up by the near presidential loss of 1974 and return to their old brand of Stalinism that traditionally left the party isolated. The Socialists had cut into their electorate, and the analysis was that the Communists would rather be No. 1 in the opposition than No. 2 in the majority.

Less than a year ago in Italy the debate was still going on over the historic compromise. Prior to its congress last spring there was plenty of opposition within the party to Berlinguer's offer of joining forces with the Christian Democrats to rule the country. The opposition came from party members who believed that, to borrow Stalin's phrase, Communists had no business helping "pull the capitalist scrogs out of the fire." Let them sink in their recession, reasoned this wing of the party.

Italy's Crisis

With the party's success in local elections last June—almost 34 per cent, an altitude high—the dissidents swung solidly behind Berlinguer. With today's government crisis, the party is now in a better position than ever.

The Spanish party, if one can believe Carrillo, is the most moderate of all. Carrillo even describes it in unguarded moments as the only centrist force in Spain. Still, illegal, the Spanish party is engaged in a delicate game, for its only hope is to appear both powerful and moderate, though many are going to mistake moderation for weakness.

The Spanish party is betting that Spain will not be able to withstand the institutional strains between reformists and the "bunker" as it is called, the most reactionary Falangist remnants still controlling the Cortes (parliament) and Council of the Realm. The party believes that when the explosion comes the King will have no choice but to form a government representing "all democratic forces," themselves included.

Focus on Portugal

These three Western European parties focus of attention the past year and a half have been Portugal. Portugal today is the only Western European government other than Finland with Communists in it, and the big three Western parties knew there would be fallout on them from Cunhal's performance. Each struck a different position.

The French party reacted slowly, got stuck as Cunhal's

only defender and had to change course abruptly when the Portuguese party overplayed its hand with help from Moscow. The Portuguese events contributed to the French party's reappraisal of its own situation and led to the rapprochement last fall with Berlinguer and the Italians—the same Italians the French used to dismiss as "opportunists."

The Italian party had been embarrassed by the Portuguese and such crude maneuvers as the seizure of the Socialist newspaper Repubblica. The Portuguese party always has claimed that it wasn't behind that, that gaseous elements on the extreme left closed Repubblica, but that made it even worse in the other's eyes. For if you can't control your gaseous elements you shouldn't be in business.

Carrillo never hid his opinion

of Cunhal. He doesn't like the man and doesn't think he knows anything about the world today. "He was in jail too long," he once told me.

Neither Marchais, Berlinguer nor Carrillo has Cunhal's prison experience, though Carrillo, who is thinking of returning clandestinely to Madrid if the government does not let him in legally, may still get some. These men and their parties have analyzed the Portuguese experience and that of Allende's Popular Front in Chile. They think they know the mistakes and don't plan to repeat them—particularly trying to rule with small majorities or even minorities. They seek broad coalitions.

Does this mean that they are different today, that the parties have changed? When the French

announced before their 22d party congress next month that they no longer believe in the dictatorship of the proletariat, which Lenin made a central tenet of the revolutionary process, does this make the French party into something new today?

Anyone may try to psychoanalyze the Communists. What is apparent is that by force of living in democracies they have come to learn the game and the importance of image. It also is clear that in the very best Leninist tradition they are capable of adapting. Lenin, after all, was the man of two steps forward, one step back. He also was a tactician, who in "Left-Wing Communism, an Infantile Disorder," notes that the best way to climb a mountain is by zig-zagging.

When Mud Gets in Your Eyes

By C. L. Sulzberger

BRUSSELS.—Reduced U.S. bargaining power as expressed in its international dealings—above all with the Soviet Union—faithfully mirrors an ever-increasing rise in Moscow's armed strength. Although the Soviet Union is still a relatively weak economic force, especially in agriculture, its industrial, military and technological vigor are impressive.

The Soviet Union is an anomalous country. Its economic base, living standards and productivity are all relatively low as compared with the other superpower, the United States. But by determined allocation of priorities, the Soviet Union has held its own in strategic and space technology and more than held its own in constructing a vast army and navy. It is a giant with feet still deeply imbedded in the mud but head among the stars. As far as we mud got in our eyes.

Thus, although there can be no comparison between the Soviet industrial structure and that of the United States, Moscow is becoming ever stronger and increasingly in a position to gain negotiating advantages at Washington's expense. This is reflected in the latest round of bilateral negotiations conducted by Secretary Kissinger. We got nowhere on Angola, which is collapsing into the arms of pro-Soviet elements. We are gradually slipping in the Middle East. Our initial headstart in the SALT talks has faded.

The United States was incredibly lucky during the quarter

of a century that followed World War II. It depended on an overwhelming military superiority (based on its navy, air force and nuclear weapons) and a constantly expanding economy. However, in the present decade, both these advantages started to draw to an end.

The U.S. economy is recovering, but unsteadily. And the Soviet military machine is clearly ahead in virtually all respects. Thus the two primordial factors giving the United States an edge began to weaken simultaneously.

This is the fundamental cause of an altered world balance. It was, of course, stressed by the U.S. inability to win the costly Vietnam war. It was stressed again by the efforts of a president to enhance his executive powers when he was proven unworthy of such increased authority and the attempt ended in his disgrace.

Flexibility

As a consequence of these twin disasters, U.S. self-confidence has been diminished as has the faith of its allies in U.S. military resolve. Moreover, the presidency "has been weakened to such a degree that the chief executive cannot operate with the full authority allotted him by the Constitution."

A democratic society has ample flexibility to eventually right such imbalance and correct fundamental flaws. Yet this requires time, probably a great deal of time. And while it takes time passes,

the Soviet Union forges ahead in essential domains on which national and diplomatic power are based.

Secretary Kissinger has tried to continue a supple foreign policy that would minimize the damage to the U.S. international position by shifting places on the diplomatic chessboard: China, Japan, West Europe, Israel, Egypt. But his moves are increasingly restricted by the reality of the flabbier position of the United States and by the recognition of these realities abroad.

One inescapable result of a weakened presidency and a consequently strengthened legislative branch is reduced freedom of action which the executive had managed to assert in foreign policy. Kissinger frequently complained that Congress and the press—well supplied by congressional committee leaks—are making it impossible for him to act abroad as he would wish. Other nations agree. Esteem for the United States is low and its words are not always heeded as before.

Reduced Faith

When the secretary of state issues warnings that the United States will not tolerate Soviet-Cuban interference in Angola—and such cautions are ignored; when Washington takes a firm stand on the Lebanon, without discernible effect, faith in U.S. leadership is reduced and starts to waver.

This situation need not be considered permanent. Americans, moreover, have often before demonstrated astonishing vitality and an ability to recover from bad problems. Already the economy gives every sign of resuming its previous tendency to expand. And there is no doubt that technical ingenuity has helped produce a steady stream of new weapons fields which, by their qualitative advantage, overcome some of the Soviet Union's quantitative edge.

But how long will it take to restore some kind of U.S. psychological self-confidence and political serenity? And what will happen to the existing structure of democratic compact and mutually accepted engagement while the bellwether of the free world is getting back in front of it? These are questions of enormous importance and the answers to them remain unclear.

Letters

Mideast Rights

The Arabs claim that the UN Security Council that the Palestinian problem must be solved. The Israelis claim it is only a gimmick used to avoid recognition of Israel's right to exist and aimed at Israel's eventual destruction. Unfortunately, both sides are right. The Palestinian problem is important. But Soviet and Arab leaders who make the most noise at the UN use the Palestinian cause for their own purposes. The crux of the Middle East problem is Arab refusal to admit the right of self-determination for Jews in Israel and the empowerment of Arab extremists by Soviet opportunists who exploit continued conflict to increase Soviet influence.

The Jews in Israel want to be recognized as a people with their own language and culture, and to have their mother tongue an official language used in public schools as the language of instruction and in daily newspapers and in books available in libraries. They can have these rights only in their own state or in a multi-lingual federation like Switzerland. The Palestinian Arabs have these rights in any Arab state. Even Palestinian Arabs in refugee camps have these rights today, and nobody threatens to take them away.

Arab nationalists claim that the Jewish people and their Hebrew language are artificial intrusions in the "Arab World." But several million Jews who

have grown up in the Middle East are not intruders. The majority of Israel's present population are Middle Eastern Jews who have lived in the area as long as the Arabs. The rights of these Jews and their claims for lost homes and property in Arab countries must be considered on the same footing as claims of Palestinian Arab refugees. But Arab extremists insist that these Jewish people do not deserve any rights. They want to destroy Israel and create a "secular democratic" state where everyone is forced to speak Arabic.

The first step toward Middle East peace must be recognition that Jews deserve rights which Palestine Arab refugees already have. Otherwise Jews will view all territorial concessions as the first step toward eventual annihilation. But—once Jewish self-determination is accepted in principle, without any commitment to territorial boundaries—the necessary atmosphere for concessions can be created.

HARRY J. LIFEIN

Rehovot, Israel.

Case of Compromise

President Kennedy formed a liaison with Judith Exner, who was carrying on with Sam Giancana and John Roselli, who were going to kill Fidel Castro for the CIA, which was acting on behalf of President Kennedy. Who compromised whom?

DAVID DORRANCE

Paris.

Suggested for U.S. Economy

By Joseph Kraft

WASHINGTON.—Modest claimers about "the difficulties in forecasting" and the "great deal we have to learn" distinguish this year's report of the President's economic advisers. Surprisingly so. For in fact the economists at least know what they don't know.

They don't know how to arrest high and stubborn inflation without clobbering economic activity, especially jobs, to a point where a new stimulus required. So the true challenge is the challenge which the President's administration ducks behind a fig leaf of insufficient information—is to find new techniques for softening the harsh choice between inflation and unemployment.

New techniques are needed, because the general economic conditions of the advanced industrial countries are novel. Up until 1968, except during periods of war, the main industrial countries experienced only slight or temporary inflationary pressure. Between 1955 and 1965, for example, the rise in the consumer price index of the three major economies of the industrial world—the United States, Germany and Japan—never exceeded 1 per cent in a single year.

Inflation Rates

In 1968 and 1969, however, inflation became pervasive. In 1973 and 1974—thanks in part to big rises in oil and grain prices—the rates began to through the roof. In the United States, the increase was 12.6 per cent in 1973 and 11.6 per cent in 1974. Except for West Germany (where prices rose over 8 per cent in 1973 and over 7 per cent in 1974) other countries did not worse. Japan came close to a 20-per-cent inflation in both years and Britain and Italy were over 20 per cent in 1974.

In restraining this inflation, all the advanced countries followed the traditional recipe of trying to curtail general demand for goods by higher interest rates and smaller government outlays.

But even to achieve those satisfactory cuts in inflation, a social cost paid was high. Japan and West Germany's perched their first prominent drops in the production of goods and services. The United States underwent its worst recession since the war—with unemployment rising to 9.2 per cent and production facilities used less than 75 per cent.

Continuing the same line policy will have equally bad results. Though the recession has been turned around in the United States, unemployment came to stay high for years—some 4.5 per cent this year—dropping slowly until it dropped to 5 per cent only in 1975. The recovery is so fragile that efforts to stimulate it by government action are not wrongly skimped because they might stir up a new inflationary spiral beginning at the present 7 per cent level.

Nothing in the Constitution, however, says the United States has to continue the same universally discredited economic policy. There are a whole range of measures which can be taken to hold down inflation without promoting unemployment. One calls for an incomes policy whereby the government provides guidelines or other pressures to check inflationary price-wage rises. That approach is particularly important this year in view of the wage negotiations coming up with rubber workers, truckers and auto workers who have big demands for a catch-up in the cost of living.

One-Time Cuts

A second possibility would be one-time cuts in various areas—mainly payroll taxes and social security—which drive unions to push for higher wages. A third possibility would be stockpiling raw materials to prevent a run-up in prices by cartels either domestic or foreign.

Measures such as these do fit a formal model of the economy. They are not impossible, but messy and small. Still, many officials inside the administration and most Democrats favor them in one form or another. The reason they are not applied is not for the lack of knowledge cited over and over again in the economic report. The true reason—the reason a country will continue to experience soaring prices, high unemployment, fragile recovery and the danger that new stimulus will set off a truly inflationary boom—is the doctrinaire opposition to the President and his advisers to using government influence over the economy.

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NYSE Nationwide Trading (3 O'clock) Jan. 27

-7/8- Stocks and Div in \$					-7/8- Stocks and Div in \$					-7/8- Stocks and Div in \$					-7/8- Stocks and Div in \$				
High	Low	Stk	P/E	Chg	High	Low	Stk	P/E	Chg	High	Low	Stk	P/E	Chg	High	Low	Stk	P/E	Chg
44 1/2	44 1/2	Abell	10	1/2	44 1/2	44 1/2	Abell	10	1/2	44 1/2	44 1/2	Abell	10	1/2	44 1/2	44 1/2	Abell	10	1/2

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FINANCIAL NEWS AND NOTES

Xerox Lowers Growth Target

Xerox will not be able to achieve its projected 15-per-cent average growth in revenues and profits in 1976, chairman Peter McCool says. The company expects costs from the production and marketing of its 8200 high-speed duplicator system to amount to "several hundred million" dollars in 1976, and as a result, Xerox will not be able to achieve its projected target growth. However, he adds that this growth projection remains intact for the long-term. On Jan. 20, Xerox reported that 1975 profits from operations declined to \$429 a share from \$437 a year earlier, and warned that the trend of lower earnings will continue in the early part of 1976 before turning upward. "The long-term objective of growth in revenues and profits averaging 15 per cent a year is not a pie-in-the-sky projection," Mr. McCool says. "The decision to abandon its mainframe computer business and take an \$844 million write-off. Mr. McCool says Xerox expects major growth in its centralized duplicator business, "very heavy revenues" from its new 800 electronic typewriter system, a profitable return on a monthly basis by late 1977 from the 800 and in color duplicating, which he terms as "somewhat disappointing" at present.

Astec Oil Accepts Southland Bid

Astec Oil & Gas says it will not oppose Southland Royalty's offer to buy all 5.5 million outstanding Astec common shares for \$32 each. Unless at least 2.9 million shares, or about 52 per cent, of its common stock have been tendered, Southland will not be obligated to buy any

shares but may elect to do so. If less than 2.9 million shares are tendered, Southland may either buy all shares then tendered and extend the expiration date or extend the date without buying any shares. All the members of Astec's board say they presently intend to tender their shares to Southland or sell them in the market prior to expiration of the Southland offer. Southland's offer expires Jan. 29.

Microdot Finds Acceptable Bidder

Microdot Inc., fighting a proposed tender offer by General Cable Corp. for its stock at \$17 a share, has found an alternative merger partner in Northwest Industries which is willing to pay \$21 a share and leave Microdot's present management in place. Directors of Northwest Industries, a Chicago-based diversified holding company, have approved the friendly cash tender for all 3.7 million shares of Microdot common stock. The offer, to be completed, requires that at least 1.75 million, or 47 per cent, of shares outstanding plus those reserved for issuance as stock options be tendered. If all shares are turned in, the offer would total \$80 million. Microdot's directors unanimously recommended that shareholders offer their stock to Northwest. All 158,000 shares held by Microdot directors and officers will be tendered. General Cable, a manufacturer of wire and cable products, had no immediate comment on whether it plans to match or exceed Northwest's offer. General Cable on Dec. 3 announced its plan to bid for Microdot, but no offer has actually gone forward pending the outcome of hearings in Ohio by that state's division of security to determine whether "full, fair and effective" disclosure was made by General Cable.

Economic Analysis

Investments in U.S. Need to Double by 1980

By Hobart Rowen

WASHINGTON, Jan. 27 (WP).—Entering the debate on whether the nation faces a "capital shortage," the Ford administration yesterday released a study arguing that the United States must shift its policy emphasis from an orientation to the consumer sector to the investment sector. The annual report of the Council of Economic Advisors made public a summary on capital formation done by the Commerce Department's Bureau of Economic Analysis at the council's request. In brief, it shows that the nation should spend \$500 billion more for private investment (in 1972 dollars) in the next five years than in the last five, reaching a ratio of such spending to total gross national product of 12 per cent.

This would be substantially higher than the 10-per-cent share claimed by fixed business investment in the last five years and over the last decade, and would be designed to support the goals of full employment, reduced energy dependence, and conformity with environmental standards—all by 1980. There has been an intense debate in financial circles over the prospective adequacy of capital in the years ahead. The Brookings Institution and the New York Stock Exchange, among others, have suggested that there will be a shortage. At the recent meeting of the Allied Social Sciences Association in Dallas, former Federal Reserve Governor Andrew Brimmer and Allen Sinai of Data Resources Inc. argued that the best way to

stimulate capital formation is to get the economy back on a recovery path. In discussing the study, CEA member Burton Malkiel stressed that the council is not suggesting that there is a capital "shortage" as such, but "there is a serious long-term capital formation problem . . . that the country must face." The study projects a 1980 GNP of \$1,875 trillion (1972 dollars), based on an average 6-per-cent annual growth, a 4-per-cent gain in productivity, and a reduction in the unemployment rate to less than 5 per cent by the end of the decade. It also assumed that facilities to meet environmental standards would be built, and that there would be additional investment to prevent the nation's dependence on foreign oil from exceeding the 36-per-cent level of total domestic consumption in 1973-74. (Without new energy investments, dependence on foreign oil would rise to 47 per cent.)

Estimates 1980 Needs

A final assumption is that additional capital would be provided to pay for changing technology in manufacturing, agriculture, and other industries, where capital-output ratios have been increasing. Making all of these assumptions, the Commerce study puts new capital needs in 1975-80 at \$688.6 billion, compared with \$488.6 billion in 1971-74. That would make the total needed for the 1971-80 decade \$1,477 billion, or an average of 11.4 per cent of GNP, exactly 1 per cent higher than the previous decade. Of this total, \$48 billion is accounted for by investments in pollution abatement equipment, \$68 billion (net) for new technology, and \$80 billion for greater energy independence. Because business fixed investment this year will be at best—a disappointing 8.4 per cent of GNP, the CEA said that the actual ratios in the next four years would have to be higher than 12 per cent.

Nation's Goals at Stake To get to this huge increase in investment, the Ford administration not only is stressing greater reliance on private-sector spending, but proposes new tax breaks for business. "Moreover," says the CEA report, "a policy mix that relies less on consumption-oriented fiscal expansion and more on monetary stimulus would be more conducive to high rates of private investment."

"During the initial phases of recovery, a slower rate of increase in federal outlays and a reduction in the budget deficit would permit a more expansionary monetary policy to be carried out with less risk of inflationary pressures." What would happen if the 12-per-cent ratio is not achieved? According to Mr. Malkiel, "There wouldn't be a capital shortage, but we won't meet the goals we have as a nation."

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American Stock Exchange Trading (3 O'clock) Jan. 27

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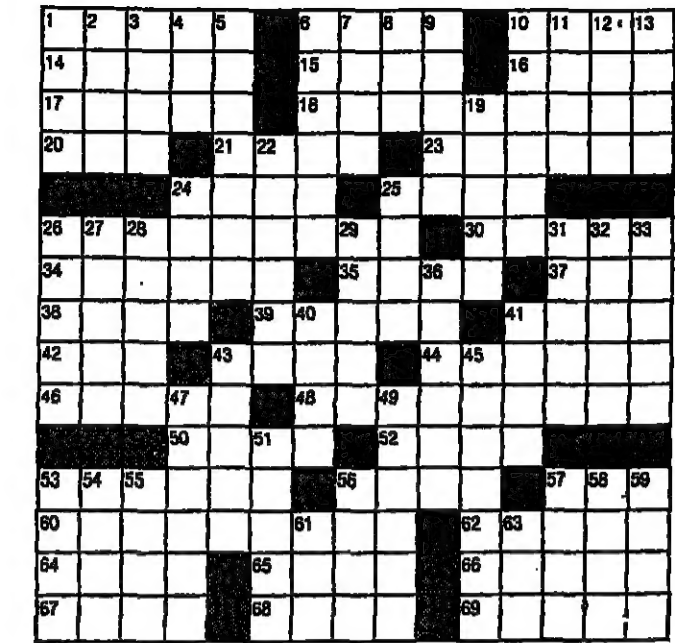
Continental Bank
Continental Illinois National Bank and Trust Company of Chicago

Drexel Burnham & Co.
Incorporated

Goldman, Sachs & Co.

CROSSWORD—Edited by Will Weng

- ACROSS**
- 1 Still shed
6 Marquand's sleuth
10 Look over
14 Call forth
15 Admirer one
16 Palm
17 Versifier: Var.
18 Dorothy's noble sleuth
20 Verse form
21 German area
23 Queen
24 State: Abbr.
25 Seed cover
26 "The— and all its sweets..."
30 Curves
34 — the public
35 As good as —
37 Resting spot
38 Like many excuses
39 Vine
41 — over lightly
42 Prior to
43 Eastern queen
44 Night rider
46 Snake or dinner
48 First-class
50 Waves, in Spain
- DOWN**
- 1 Stout sleuth
2 Roman poet
3 Volume
4 Music maker
5 Stick with it
6 Home of La Scala
7 Redolence
8 Crag
9 More timeworn
10 Fishlike parts
11 Refer to
12 Mine
13 Not a bit
14 Carried on
15 Luanda's country
16 Underwater weapon
17 Long period
18 Parceled out
19 Armadillo
20 Arabian area
21 Marsh of whodunits
22 Tendon
23 French penman's need
24 Insulting look
25 Parry
26 Savings-book entries: Abbr.
27 Like an egg
28 Confederate signature
29 Part of Ethiopia
30 Whodunit's delight
31 Christie's late sleuth
32 Highway to north
33 Alpine wind
34 Lively, in music: Abbr.
35 Between Q and V
36 Whodunit fluid
37 Alto
38 Portent
39 Early serif
40 Writer Josephine
41 Wing



WEATHER

ALGAEVE	1	2	Clear	MADRID	6	4	Cloudy
AMSTERDAM	1	2	Clear	MILAN	6	4	Clear
ANKARA	1	2	Fog	MONTREAL	1	24	Overcast
ATHENS	16	61	Cloudy	MOSCOW	-7	19	Snow
BELGRADE	17	63	Clear	MUNICH	14	24	Cloudy
BELIN	1	2	Snow	NEW YORK	15	24	Cloudy
BELUSSE	1	2	Clear	NICE	9	48	Clear
BUDAPEST	1	2	Cloudy	OSLO	-1	19	Cloudy
CARDO	-	-	Unavailable	PARIS	14	24	Cloudy
CHABALA	11	62	Clear	PRAGUE	-3	27	Clear
CHENAGAN	1	2	Cloudy	ROME	6	43	Overcast
CHINA DEL SOL	10	59	Clear	STOCKHOLM	-4	19	Clear
CHINA	4	29	Clear	TELAVIV	13	26	Clear
CHINA DEL SOL	4	31	Cloudy	THIRUVAN	25	25	Clear
CHINA	4	31	Cloudy	TUNIS	15	48	Showers
CHINA DEL SOL	-2	28	Snow	VENICE	3	37	Clear
CHINA	-3	27	Overcast	VIENNA	-3	37	Clear
CHINA DEL SOL	-2	28	Snow	WAGLA	17	27	Clear
CHINA	14	67	Cloudy	WASHINGTON	9	46	Rain
CHINA DEL SOL	16	69	Rain	ZURICH	-3	27	Overcast
CHINA	15	61	Cloudy				
CHINA DEL SOL	15	61	Showers				
CHINA	15	61	Rain				

(Yesterday's readings: U.S. Celsius
11 700 GMT, others at 1200 GMT.)

